

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7193

BILL NUMBER: HB 1756

NOTE PREPARED: Jan 17, 2007

BILL AMENDED:

SUBJECT: Handgun License Renewal.

FIRST AUTHOR: Rep. Tincher

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Criminal History Data Fund for the purpose of (1) operating and maintaining the central repository for criminal history data; and (2) establishing, operating, and maintaining an electronic system for the processing of handgun license applications and renewals. It permits money in the fund to be used to establish, operate, and maintain an electronic log to record the sale of ephedrine and pseudoephedrine. The bill provides that certain handgun license fees will be deposited in the Criminal History Data Fund, and repeals a provision requiring that certain handgun licensing fees be deposited in the state General Fund.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The Criminal History Data Fund is established for the purpose of providing funds for operating and maintaining the central repository for criminal history data; and establishing, operating, and maintaining an electronic system for the processing of handgun license applications and renewals. In addition, at the discretion of the superintendent of the Indiana State Police (ISP), the fund may be used to establish, operate, or maintain an electronic log to record the sale of drugs containing ephedrine or pseudoephedrine.

The fund must be administered by the ISP. Expenses of administering the fund must be paid from money in the fund.

Explanation of State Revenues: The Treasurer of State must invest money in the Criminal History Data Fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

However, if at the end of a state fiscal year the amount of money that has been deposited in the state General Fund from handgun license fees is less than \$1.1 M, the Treasurer must transfer from the fund to the state General Fund the lesser of the balance in the fund or the difference between \$1.1 M and the amount of money that has been deposited in the state General Fund from handgun license fees. Money in the fund is continually appropriated to carry out the purposes of the fund.

State handgun fees are currently deposited in the state General Fund. The bill proposes to continue to deposit into the state General Fund, 100% of the fees for a qualified license and a 4-year unlimited license. Licenses are either qualified or unlimited and are valid for 4 years or a lifetime. A qualified license is issued for hunting and target practice. Unlimited licenses are issued for the purpose of the protection of life and property. Based on 2005 data, less than 1% of the fees collected were for these types of licenses. Consequently, these provision will have little impact.

Of the lifetime unlimited license fee paid by a person who does not currently possess a valid Indiana handgun license, a \$70 fee is assessed for the state. Of this total, the bill proposes that \$45 be deposited in the state General Fund and \$30 be deposited in the Criminal History Data Fund. Of the lifetime unlimited license fee paid by a person who currently possesses a valid Indiana handgun license, the state fee would be \$60 with \$30 deposited in the state General Fund and \$30 deposited in the Criminal History Data Fund.

It is not known how many handgun license purchases are from individuals who either did or did not possess a license before the purchase of the license. However, about 80,000 licenses are issued each year. If all of the licenses were purchased by individuals who had a previous license, the \$60 would generate approximately \$4.8 M. Of this amount, the state General Fund would no longer receive 50% of this amount, or \$2.4 M. If all of the licenses were purchased by individuals who did not have a previous license, the state General Fund would no longer receive about 43% of this amount, or \$1.8 M.

The impact to the state General Fund would be a reduction in revenues of between \$1.8 M and \$2.4 M. The reduction in state General Fund revenue would be deposited in the Criminal History Data Fund. In both cases, there would be a deposit in the state General Fund of more than \$1.1 M from the remaining fee revenue.

(Because the ISP began issuing and collecting for lifetime licenses in July 2006, data for 2006 represented a mixture of 4-year licenses and lifetime licenses, but did not give a clear representation as to how many individuals would purchase which type of license.)

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill would have no impact on local revenue. The information provided below is for informational purposes only.

Background: Under existing law, in addition to state fees, the law enforcement agency collects the following application fees:

- (1) From a person applying for a 4-year handgun license, a \$10 fee,
- (2) From a person applying for a lifetime handgun license who does not currently possess a handgun license, a \$50 fee.
- (3) From a person applying for a lifetime handgun license who currently possesses a license, a \$40 application fee.

The fee is deposited into the law enforcement agency's firearms training fund or other appropriate

training activities fund. If the law enforcement agency is a city or town agency, the fee is deposited in the law enforcement continuing education fund.

State Agencies Affected: ISP.

Local Agencies Affected:

Information Sources: ISP.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.